



Not Looking for Sympathy

A well-regarded and talented publisher, Derk Haank is a key player in an industry that currently faces a number of difficult and interlinked challenges. Some of these include addressing the so-called serials crisis, completing the migration to an online environment without revenue hemorrhage, and meeting the growing calls for publicly funded research to be freely available online, aka the open access (OA) movement.

After achieving prominence as chairman of Elsevier Science, Haank was poached in 2004 to head Springer, the company formed by private equity firms Candover and Cinven when they merged BertelsmannSpringer and Kluwer Academic Publishers. (Subsequently, Springer has been sold to private equity firms EQT and GIC).

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Haank has proven to be a bold and creative CEO. When other publishers have portrayed OA as a pipe dream, Haank launched the world's first hybrid OA initiative (Open Choice), acquiring the world's largest OA publisher (BioMed Central) and creating a series of Springer-branded pure OA journals (SpringerOpen). In short, while his competitors have hidden in their tents and plotted, Haank has shown that he is (as he puts it) “not afraid to respond to OA.”

Haank is unfailingly courteous and brings to any conversation a delightfully mordant sense of humor. He also gives the impression of being someone who would never panic or make rash decisions, however daring. Qualities such as these are essential in today's challenging environment.

Haank characterized 2009 as a “very challenging year” for the STM publishing industry and expects conditions to remain so for several years.

But what struck me in speaking to Haank is that he believes OA publishing (Gold OA) will never be more than a niche activity, despite embracing it vigorously. He also expressed concern over the current trend for institutions and research funders to introduce mandates requiring researchers to self-archive (Green OA), which he believes could destroy the scholarly publishing system.

I was likewise struck by his views on the serials crisis, which he says was resolved in the 1990s, after publishers introduced the Big Deal. Librarians will surely disagree. Haank responds by pointing out that the number of papers published each year continues to grow at 6% to 7%. Consequently, he says prices must inevitably rise a little each year. And he is confident the research community will eventually agree, since “scientists have to have sufficient funding to keep abreast of new developments.” As such, he says the current difficulties are cyclical, not structural. He adds that librarians' current fad for publicly berating publishers over pricing is simply a canny negotiating strategy intended to put pressure on publishers. While this makes life more difficult, he says he is not looking for sympathy. Here then is our conversation, which has been edited for style.

In Retrospect

Q: When I spoke to you in 2004, you expected Springer to have an IPO in a couple of years, but that didn't happen. In December 2009, Springer was sold to two new private equity firms (EQT and GIC). What happened?

A: The background is that in 2004 we merged BertelsmannSpringer and Kluwer Academic Publishers to create the new Springer. During that process, we drew up a list of things we wanted to do. By 2007, we had worked our way through that list

and were achieving our financial targets. So at that point, we explored a number of options with the owners [Candover and Cinven].

We seriously considered taking the IPO route, but in light of the financial situation, we decided it would be much easier to take out more bank loans and keep the company. At the time, there were no financial clouds on the horizon. The banks were offering more financing and even better conditions. So we delayed the IPO.

Q: The company's 2009 annual report shows that Springer's revenues fell from €859 million in 2008 to €845 million in 2009, and it described 2009 as a “very challenging year.” How are market conditions today?

A: Yes, 2009 was a challenging year for the STM industry. What we have experienced in 2010 is not so much that things are back to normal but that conditions are recovering, and we are seeing decent growth again.

Q: What is your current growth rate?

A: We are no longer seeing the double-digit growth of the past, but we are seeing 3% turnover growth on the bottom line. However, we are bracing ourselves for the fact that over the next 2 to 3 years, market conditions will continue to be difficult. So our task is to work out how we can continue to get our products to our customers in an environment where money is not plentiful.

Dealing With Price Increases

Q: How are you doing that?

A: One of the things about the current market situation is that it provides an incentive for libraries to accelerate their move from paper to electronic, both journals and books. This helps libraries because eproducts are much less expensive to handle: They have

no storage costs, the data comes with a catalog, and our books come with MARC records.

Q: Librarians have complained about a “serials crisis” for decades. Publishers responded by packaging large bundles of journals in electronic form, the so-called Big Deal. But this has been widely criticized, and many believe its days are numbered. When I interviewed you in 2002, you said, “The Big Deal has had some bad press, but in principle there is nothing wrong with it.” Is that still your view?

A: Absolutely. I agree that there was once a serial pricing problem. But it was the Big Deal that solved it. First, it corrected everything that went wrong in the serials crisis in one go: People were able to get back all the journals that they had had to cancel, and they gained access to even more journals in the process.

Second, electronic publishing reduces the overall costs of publishing, since distribution costs become virtually nil. We could never have offered the Big Deal in the paper world. The truth is that it is in the interests of everyone (publishers and librarians) to keep the Big Deal going. However, for publishers, it means having to control ourselves when it comes to price increases; from

what I can see everybody is now doing that.

Q: At what rate are Springer's prices rising now?

A: We are struggling to get a few percent more out of our existing customer base today. Given the library budget pressure, this is a real concern going forward.

Q: Librarians insist that they are plagued by price increases. Are you saying the serials crisis is over?

A: The serials crisis refers to a situation that existed at the end of the 1990s, when we saw big increases above inflation. Those days are long gone, and I strongly feel that our products now offer value for the money.

Q: Librarians say the problem is not unit prices but that overall costs keep going up. They have static or falling budgets, and there is a limit to how much they can pay.

A: Look, the reality is that our journals are growing in volume by 6% to 7% per year. We have been doing all that is possible over the last couple of years and will continue to do so to ensure that our price increases are lower than the volume increases. But not increasing our prices is not an option in the long term.

Structural or Cyclical?

Q: Has the scholarly communication system simply become too expensive to support? Is it in danger of falling apart? Are we not approaching the point where cash-strapped libraries will find they can afford to buy access to less and less published research?

A: No, no, no. I don't believe there is a structural problem, and it will not fall apart; there are always countervailing forces. I don't believe that our pricing is a big problem, and I am sure that this market can carry on indefinitely. Of course, if you predict that the whole world is about to collapse, it is possible that it may do so. However, I expect people will realize that scientists have to have sufficient funding to keep abreast of new developments. What is sometimes forgotten in discussions like this is that we operate in a growth industry: For the last couple of hundred years, we have seen a constant growth in research.

Q: The University of California Libraries recently released a public statement

complaining that Nature was seeking to increase its license for 67 journals by 400%. What implications do you think public statements such as this will have on the relationship between librarians and publishers?

A: I would not want to comment on this particular example; there might be a reason for it. In general, I think it is very healthy for people to negotiate and to use different tactics when doing so. However, while I am not looking for sympathy, it shows that



publishers face a double challenge when negotiating with libraries: Like any vendor, we have to engage in a chain of discussions knowing there is always the danger the other side may walk away from the table. Unlike other vendors, we also have to accept that our customers may appeal to public sympathy to help their case.

OA Publishing

Q: When you moved to Springer from Elsevier in 2004, one of your first decisions was to launch Open Choice. This allows scientists to pay \$3,000 to have their research papers made freely available on the web and introduced hybrid OA to the world. Subsequently, in 2008, Springer bought OA publisher BioMed Central (BMC), making Springer the world's largest OA publisher. What was the attraction of BioMed Central?

A: It was twofold. First, BioMed Central's area of activity (life sciences and biomedicine) is an area that Springer had wanted to get into for some time. Second, we could see that OA was increasing, and given our reputation, we felt that we were well-positioned to become the leading player in the OA area.

Q: Then in 2010, you announced SpringerOpen and launched a series of pure OA (Gold) journals. You are clearly now serious about OA. However, when I spoke to you in 2004, I inferred that Open Choice was simply intended to call the bluff of the OA movement. As you put it, "Let them put their money where their mouth is." Would you say you are a skeptic-turned-convert?

A: The truth is that I have always been neutral on OA. What we were

trying to do in offering Open Choice was to take the heat out of the debate. For me, OA is just a business model, and I have never understood all the emotion aroused by it. Call that skepticism if you want, but what I was really saying to you in 2004 was that I was not afraid to respond to OA.

Q: In 2004, you said, "I'd be surprised if in 5 years' time more than 5%–10% of our articles have been published by author-pays." How does that figure look today?

A: I think I said it would never be more than 5% of the total number of articles published. But whether I said it was 4% or 9% I don't know; certainly it was of that magnitude. Currently, the industry publishes about 2% of all articles under the OA model, although uptake is increasing rapidly so it might be 2.5%.

Remaining as a Niche

Q: So you don't anticipate OA will become the dominant publishing model?

A: Correct. I am absolutely convinced that the traditional subscription model delivered through the intermediary services of the library or information department will remain the dominant model. The reality is that (outside the biomedical field) most people just don't see a sufficient problem for OA to become a big movement. It will always be a niche. I expect it to remain between 5% and 10% at a maximum.

Q: There is also Green OA, or self-archiving, where researchers continue publishing in subscription journals but then make copies of their papers freely available in an institutional or central repository. Some argue that this is a faster and more effective way of providing OA, and most subscription publishers consent to some form of self-archiving. As I understand it, Springer allows authors to self-archive the "author-created" versions of their papers in their institutional repository, but not Springer's PDF.

A: We have always tried to take a balanced view on this, so we are of the opinion that, in principle, author archiving is fine. Were self-archiving ever to become sufficiently profes-

sional that it began to mimic our journals, however, it could create a lot of problems.

Q: Many publishers and publisher trade organizations lobby against OA mandates. Does Springer?

A: I draw a distinction between author archiving and mandatory OA requirements such as the NIH Public Access Policy where they don't allow for a sufficient embargo.

Q: Does Springer lobby against OA mandates?

A: Yes, because OA mandates institutionalize the process of author archiving, and if the delay between publication and archiving is only a couple of months, then there is a real danger of destroying the equilibrium that we have achieved over OA. The compromise that we have reached is to keep the traditional subscription system while combining it with pure OA, plus a little bit of Green.

New Developments on the Horizon

Q: What new developments can we expect from Springer?

A: Our first priority is to continue as we are. When you talk about all the new things going on, there is a temptation to forget that. But it is my job to think of what more can be done. As we have discussed, there is great pressure on the traditional library market. So we need to look at nontraditional markets.

Q: What kind of nontraditional markets?

A: The nontraditional market is everybody outside the university library who is interested in information. We are seeding our database with 13,000 to 14,000 new pages of information every day. With an expanding database such as that, we should be able to find ways of offering products in a format, and with a business model, that is more attractive to nontraditional markets.

A longer version of this interview is posted on the ITI website at www.infotoday.com.

Richard Poynder, a freelance journalist based in the U.K., writes about information technology, telecommunications, and intellectual property with a special emphasis on online services and open access issues. Send your comments about this article to itletters@infotoday.com.

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